

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2855 - SB 3083

March 6, 2012

SUMMARY OF BILL: Revokes the beer permit, license to sell tobacco products, and lottery retail contract renewal for a period of one year if the owner or an employee of a retail establishment is convicted of selling or possessing specified synthetic, analog, or imitation controlled substances.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$1,409,000/Lottery for Education Fund

Assumptions:

- The Department of Revenue assumes that beer drinkers and smokers will purchase from a competitor if the beer or tobacco permit is revoked at a particular store. Therefore, there will not be a decrease in state or local tax collections.
- According to the Tennessee Education Lottery Corporation, there are currently 5,000 lottery ticket retailers. In FY10-11, Lottery for Education Fund proceeds totaled \$281,800,000.
- The average proceeds per retailer in FY10-11 totaled \$56,360 (\$281,800,000 / 5,000 retailers)
- Assuming one percent of retail establishments will have an employee convicted for selling a synthetic controlled substance annually, 50 retailers (5,000 retailers x 1%) will lose their lottery contracts for one year.
- Assuming 50 percent of customers will purchase from a competitor if the lottery contract is revoked at a particular store, the recurring decrease in state revenue is estimated to be \$1,409,000 (\$56,360 proceeds x 50 retailers x 50%).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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